

# Board of Education Agenda Item

Item: A.

Date: June 28, 2006

Topic: Final Review of Financial Report on Literary Fund

Presenter: Mr. Daniel S. Timberlake, Assistant Superintendent for Finance

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## Origin:

☐ Topic presented for information only (no board action required)

☒ Board review required by

☒ State or federal law or regulation

☐ Board of Education regulation

☐ Other: \_\_\_\_\_

☒ Action requested at this meeting ☐ Action requested at future meeting: \_\_\_\_\_ (date)

## Previous Review/Action:

☒ No previous board review/action

☐ Previous review/action

date \_\_\_\_\_

action \_\_\_\_\_

## Background Information:

In accordance with the provisions of the *Code of Virginia*, Chapter 10, Section 22.1-142, the Board of Education is responsible for the management of the Literary Fund. This report reflects the status of the Literary Fund and the status of the Reserve Fund, which is in the custody of the Virginia Public School Authority (VPSA). The report also reflects the total principal of the fund, as well as cash, investments, and all short-/long-term loans in both funds.

## Summary of Major Elements

Attachment A reflects the financial position of the Literary Fund as of March 31, 2006. The information presented in this report reflects the commitments against the Literary Fund as of March 31, 2006.

Attachment B reflects the currently active projects as of March 31, 2006.

Attachment C represents the projects that have closed and for which full payment from the Literary Fund has been made since the last Board meeting.

**Superintendent's Recommendation:**

The Acting Superintendent of Public Instruction recommends approval of the financial report (including all statements) on the status of the Literary Fund as of March 31, 2006.

**Impact on Resources:**

As funds become available in the Literary Fund, recommendations will be made to the Board for funding priority projects and those projects at the top of the First Priority Waiting List, with cash reduced as loan requests are processed.

**Timetable for Further Review/Action:**

The Department staff will prepare a quarterly financial report on this fund for Board approval. Information also will be presented each quarter, as part of another agenda item, regarding those projects on the two waiting lists.

**BOARD OF EDUCATION**  
**STATEMENT OF THE FINANCIAL POSITION OF THE LITERARY FUND**  
(as of June 2006)

Line Reference		<u>March 31, 2006</u>	<u>February 28, 2006</u>	<u>Increase/(Decrease)</u>
	<b>PRINCIPAL BALANCE</b>			
1.	Cash and investments maintained by State Treasurer	229,890,542	217,608,514	12,282,028
2.	Loans received from local school boards (secured by promissory notes)	-	11,907,698	(11,907,698)
3.	Cash and investments in custody of Virginia Public School Authority (VPSA)	-	-	-
4.	Long-term loans in custody of Virginia Public School Authority (VPSA)	352,360,796	344,609,514	7,751,282
5.	Total Principal of Literary Fund	<b>582,251,338</b>	<b>574,125,726</b>	<b>8,125,612</b>
	<b>CURRENT COMMITMENTS AGAINST LITERARY FUND REVENUE</b>			
6.	Balance due on active projects (Attachment B)	9,482,719	10,028,937	(546,218)
7.	Debt service on VPSA equipment notes <sup>1</sup>	58,617,335	58,617,335	-
8.	Interest rate subsidy <sup>2</sup>	-	-	-
9.	Trigon Reserve	5,657,429	5,657,429	-
10.	Transfer for Teacher Retirement <sup>3</sup>	125,854,700	125,854,700	-
11.	Other Encumbrances held by Treasurer of Virginia	10,234	10,234	-
12.	Required Carry Forward	61,183,377	61,183,377	-
13.	Total of Literary Fund Commitments	<b>260,805,793</b>	<b>261,352,011</b>	<b>(546,218)</b>
	<b>FUNDS AVAILABLE FOR CURRENT COMMITMENTS AND NEW LOANS</b>			
14.	Cash and investments maintained by State Treasurer (Line 1)	229,890,542		
15.	Less commitments against Literary Fund Revenues (Line 13)	<u>(260,805,793)</u>		
16.	<b>Balance Available to Fund New Projects Currently on Waiting List - (Additional Funds Needed to Meet Commitments)</b>	<b>(30,915,251)</b>		

**NOTES:**

<sup>1</sup> Chapter 2 approved June 9, 2006, requires \$62,207,650 to be set aside for debt service on equipment notes. (Payment of \$3,590,315 made in October 2005.)

<sup>2</sup> Chapter 2 approved June 9, 2006, requires \$25,000,000 to be set aside for an interest rate subsidy program. (Subsidy sale complete; actual cost of \$14,889,363.21.)

<sup>3</sup> Chapter 2 approved June 9, 2006, requires \$125,854,700 to be transferred from the Literary Fund to pay teacher retirement in fiscal year 2006.

## ACTIVE PROJECTS AS OF MARCH 31, 2006

Application Number	School Division	School	Release Date	Funds Approved for Release	Actual Funds Disbursed	Balance Due	Percent Drawn
<b>Literary Loans</b>							
10975	Clarke County	Johnson Williams Middle	9/28/2000	\$ 7,500,000	\$ -	\$ 7,500,000	0.00%
<b>Subsidy</b>							
10999	Franklin City	Franklin High School	1999 Subsidy	263,300	(193,131)	70,169	73.35%
11062	Chesapeake City	Butts Road Intermediate	2001 Subsidy	85,594	(77,881)	7,713	90.99%
11102	Washington County	Rhea Valley Elem	2001 Subsidy	168,673	(165,235)	3,438	97.96%
11111	Patrick County	Woolwine Elementary	2002 Subsidy	50,763	(44,263)	6,500	87.20%
11105	Russell County	Honaker Elementary	2002 Subsidy	325,917	(321,276)	4,642	98.58%
11131	Stafford County	Stafford Elementary	2003 Subsidy	659,305	(659,178)	127	99.98%
11096	Washington County	Abingdon High	2003 Subsidy	34,943	(10,234)	24,709	29.29%
11098	Washington County	Holston High	2003 Subsidy	20,949	-	20,949	0.00%
11097	Washington County	John S. Battle High	2003 Subsidy	30,210	-	30,210	0.00%
11099	Washington County	Patrick Henry High	2003 Subsidy	30,181	-	30,181	0.00%
11100	Washington County	Valley Institute	2003 Subsidy	5,861	-	5,861	0.00%
11151	Nottoway County	Blackstone Primary	2004 Subsidy	54,632	(40,393)	14,239	73.94%
11150	Nottoway County	Crewe Primary	2004 Subsidy	191,790	(161,572)	30,218	84.24%
11181	Grayson County	Grayson Middle	2005 Subsidy	138,831	-	138,831	0.00%
11179	Accomack County	Nandua Middle	2005 Subsidy	793,856	-	793,856	0.00%
11188	Roanoke City	Fallon Park Elementary	2005 Subsidy	113,701	(641)	113,060	0.56%
11190	Hanover County	Hanover Elementary	2005 Subsidy	152,269	-	152,269	0.00%
11208	Henry County	Mt. Olivet Elementary	2005 Subsidy	535,747	-	535,747	0.00%
				<b>\$ 11,156,522</b>	<b>\$ (1,673,803)</b>	<b>\$ 9,482,719</b>	

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**PROJECT REIMBURSEMENTS COMPLETED AS OF MARCH 31, 2006**

<b>Application Number</b>	<b>School Division</b>	<b>School</b>	<b>Release Date</b>	<b>Funds Approved for Release</b>	<b>Actual Funds Disbursed</b>	<b>Funds Returned</b>	<b>Balance Due</b>	<b>Percent Drawn</b>
11034	Sussex County	Sussex Central High	9/28/2000	7,500,000	\$ (7,225,403)	\$ 274,597	\$ -	<b>100.00%</b>
11071	Smyth County	Chilhowie Elementary	9/26/2001	2,593,511	(2,418,692)	\$ 174,819	\$ -	<b>100.00%</b>
11072	Smyth County	Chilhowie Middle/High	9/26/2001	2,238,759	(2,146,934)	\$ 91,825	\$ -	<b>100.00%</b>
				<b>\$ 12,332,270</b>	<b>\$ (11,791,029)</b>	<b>\$ 541,241</b>	<b>\$ -</b>	

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